



Department of Justice

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**TWO SOFTWARE FIRMS ABANDON MERGER PLANS FOLLOWING
DEPARTMENT OF JUSTICE THREAT TO CHALLENGE ACQUISITION**

WASHINGTON, D.C. -- The Department of Justice announced today that ChipSoft Inc. and MECA Software Inc. have terminated plans under which ChipSoft would have purchased MECA after the Department's Antitrust Division said it intended to file a civil suit challenging the acquisition.

ChipSoft, based in San Diego, sells TurboTax, the leading brand of consumer tax preparation software, while MECA, headquartered in Fairfield, Connecticut, is its principal competitor through its TaxCut software.

"The proposed combination of ChipSoft and MECA would have given ChipSoft control over the two most popular brands of consumer tax preparation software," said Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division.

She said, "There was strong evidence that the merger would have substantially reduced competition and caused consumers to pay higher prices for popular and useful computer software. Accordingly, it would have violated Section 7 of the Clayton Act.

(MORE)

The Division will not hesitate to challenge such anticompetitive transactions."

Consumer tax preparation software enables an individual to prepare an income tax return with the assistance of a personal computer. TurboTax and TaxCut account for about 75 percent of all consumer tax preparations software sold in the United States. Only two other firms are significant competitors in this market.

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